

Air Force Materiel Command



Achieving Proposal Quality & Adequacy

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Integrity ★ Service ★ Excellence



Purpose

**To share methods with the entire
acquisition team to facilitate
submission of quality and adequate
proposals**



Pricing Working Group

- **Joint Industry/Government Team**
- **Purpose to address enhancements to the proposal process that will facilitate the submission of quality and adequate proposals and reduce procurement cycle times**
- **Products developed:**
 - **Quality proposal process recommendations**
 - **Revised proposal adequacy checklist**



PROPOSAL QUALITY



Proposal Quality Definition(s)

- **Traits of a Quality Proposal:**
 - FAR and Checklist Compliance**
 - Traceability**
 - RFP Compliance**
 - Includes timeliness
 - Promotes timely review, audit, evaluation and negotiation**

**Proposal Process That Yields
Consistent
& Repeatable Results**



Proposal Quality Improvements

- **Early communication of data requirements between Government and Contractor**
- **RFP language requiring completed Air Force Proposal Adequacy Checklist (AFPAC)**
- **Proposal Walk-Through**
- **Proposal Updates**
- **Enhance Contracting Officer (CO) understanding of handling of unsupported costs**
- **Proposal quality indicators**
- **Feedback/Lessons Learned**



Early Communication Of Requirements

- **Pre-RFP Planning Meeting held between Government Team and Contractor**
 - **Technical Baseline**
 - **Cost data expectation/methodology**
 - **Known Commercial Item Determinations (CIDs) identified up front**
 - **Identification of subcontractors/Interdivisional Work Authorizations (IWAs)**
 - **Incorporate lessons learned from previous proposals**

**Communicate, Communicate,
Communicate**



Negotiation/Award Timeline Process

1. Pre-RFP Planning Meeting
2. RFP Released
3. Proposal Kickoff Meeting
4. Proposal Delivered
5. Proposal Walk-Through Meeting
6. Qualifying Proposal Accepted
7. Completion of all CARS/PARS
8. Audit Requested
9. Technical Evaluation(s) Requested
10. Audit Received
11. Technical Evaluation(s) Received
12. Negotiations Started
13. Negotiations Completed
14. TINA Certification Received
15. Award Date
16. Feedback/Lessons Learned

Planned	Actual	Comments



Proposal Kickoff Meeting

- **Required by AFFARS MP5315.4 for all sole source contract actions >\$50M and any UCA definitization >\$1M**
- **Should be held as soon as practical after the RFP (or Draft RFP if appropriate) has been issued by the contracting officer**
- **Participants include: Air Force, Contractor, DCMA, DCAA, and, at the Prime Contractor's discretion, significant major subcontractors**

**Communicate, Communicate,
Communicate**



Requiring Completed Proposal Adequacy Checklist

- **Required by AFFARS MP5315.4 for all sole source contract actions requiring submission of Certified Cost or Pricing Data**
- **Completion of the AFPAC is an RFP requirement that the contractor must comply with**
- **Contributing factor to the submission of a quality proposal**
- **CO determines whether the proposal is adequate and is responsible for moving the process forward**

**Proposal Adequacy Checklist is Key
Control of Quality Process**



Proposal Walk-Through

- **Players - Customer (PM/Tech/PCO/Price Analyst), DCAA, DCMA, and Contractor**
- **Performed as soon as possible after proposal submission and an initial review of adequacy**
- **Opportunity for the contractor to make customer/DCAA/DCMA aware of any significant issues (i.e. data still to come such as supplier evaluations)**
- **Explanation of proposal estimating methodology**
- **Follow-up on the identification of subcontractors/IWAs that may require field pricing assistance and identify cognizant offices**



Proposal Walk-Through

- **Encourage contractor/Government coordination of subcontract audits**
- **CIDs identified and discussed**
- **Groundrules and Assumptions made**
- **Status of proposed rates (FPRA/FPRR/FPRP)**
- **Walk through the traceability/construction of the proposal**
- **Discussion of unusual terms and conditions**
- **Develop summary of the next steps/action items and validate/refine schedule for going forward**



Types Of Proposal Updates

- **Complete bottoms-up proposal including new:**
 - Estimates
 - BOEs
 - CBOM
 - Rates & factors
- **Partial change to the proposal which may include:**
 - Usually handled via change pages
 - Revised estimates
 - Revised BOEs
 - Updated CBOM reflecting latest material estimates
 - Re-price based on latest rates & factors
 - Only the information needed to ascertain the impact is required



Types Of Proposal Updates

- **Other Information such as:**
 - **Re-pricing based on latest rates & factors**
 - **Updates of supplier costs and cost analyses**
 - **Notification and assessed impacts of Accounting Changes**
 - **Actuals to date**

Request complete bottoms-up proposal only when necessary



Criteria For Proposal Updates

- **Type of update requested should consider the significance of the following:**
 - **Actual costs incurred to date**
 - **Scope changes**
 - **Passage of time**
 - **Current supplier data**



Timing Of Proposal Updates

- **Requests for updates should not be made ahead of their need and the Government's ability to analyze the data**
 - **Consistency between definitization schedule and the request for proposal updates**
- **All updates should be made on an agreed upon schedule**
 - **When requesting updates, ensure that the updates can be acted upon in a timely manner**
- **Discuss the need for and timing of update requests**



Proposal Update Scenario

SCENARIO #1:

Program A, a four year aircraft effort, was issued under a UCA on January 1. On April 1, actual costs incurred amounted to 5% of the proposed contract value. In addition, two of ten supplier costs analyses (CARs) not included in the initial proposal were completed.

GUIDANCE:

The recorded costs to date in this scenario do not appear significant enough to affect the projected cost estimate at completion. Also, the impact of the two completed CARs can be documented manually on a spreadsheet and the CARs will be provided to the Government. Together, these facts would not likely require a re-submittal of the proposal.



Proposal Update Scenario

SCENARIO #2:

Program B is a sole source four year services effort. The RFP was issued in January and the contractor's proposal was submitted in March. While preparing for negotiations, the Government requirements have been expanded increasing the scope of the effort. In addition, the contractor has submitted a revised forward pricing rate proposal to DCMA.

GUIDANCE:

The nature and extent of the scope change should dictate if a re-submittal of a complete bottoms-up proposal or a partial change to the proposal is necessary. The revised rate impact can likely be handled with a partial proposal change or submission of other information.



DCAA Unsupported Costs

- **DCAA identifies in the audit report the basis for the proposed costs even if deemed unsupported**
 - **Identify magnitude of unsupported cost**
 - **Describe contractor proposal data provided**
 - **If assist audit not completed and it prevents a CAR/PAR from being completed these costs will be deemed “unresolved” by DCAA**
- **Understand the impact to negotiations**
- **Remember the contractor is responsible for adequately supporting their proposal**

**Unsupported Costs Don't Need to be
Show Stoppers**



Proposal Process Quality Indicators

- **Track planned and actual dates for definitization timeline**
- **Did proposal substantially meet expectations agreed to in pre-planning meeting and proposal kick-off meetings?**
- **Proposal adequacy checklist completed and proposal is in compliance w/FAR table 15.2**
- **What percentage is unsupported cost of total proposal cost?**
- **Track planned scheduled and actual delivery dates of PCAs**
- **Tracked by Proposal by Program Office with Contractor input**



Feedback/Lessons Learned

- **Documented and shared at 1st joint proposal meeting**
- **Tracked and shared by Program office in conjunction with quality “indicators”**
- **Document Indicators/metrics/issues/best practices and any other process lesson learned**
 - **Distributed to entire proposal team at completion**



AIR FORCE PROPOSAL ADEQUACY CHECKLIST



AF Proposal Adequacy Checklist

- **Required by AFFARS MP5315.4 for all sole source contract actions requiring submission of Certified Cost or Pricing Data**
- **Purpose to ensure well-prepared and fully supportable cost proposals**
- **Supports requirements of FAR 15.403-4 and FAR Table 15-2**



Proposal Adequacy Checklist Highlights

- **Notes**
- **Materials**
- **Subcontracts**
- **Commercial Item Determinations (CIDs)**
- **Labor (Basis of Estimates-BOEs)**
- **Rates & Factors**
- **Economic Price Adjustment (EPA)**
- **Performance Based Payments (PBPs)**
- **Cost Estimating Relationships (CERs)**



Proposal Adequacy Checklist Highlights

- **Notes provided so that contractor and CO/pricer under stand what is expected with the proposal**
- **Checklist language clarified so that everyone knows what is expected/required for each item**
- **At a minimum, the contractor must work with the CO to determine the minimum proposal requirements that will be considered adequate for the start of evaluations**
- **In some cases, timing is the issue (i.e. contractor is required to submit evidence but may not be able to submit it by the CO's requested date)**



Proposal Adequacy Checklist Highlights

Material (Items 11.1, 11.2 and notes 1 - 5): Is a Consolidated Bill of Material (CBOM) included at total contract level?

- **Delivering a complete and thorough CBOM is critical to the Air Force. Major items:**
 - **Ensure that the CBOM total tracks to the amount of materials in the proposal**
 - **Ensure that whatever prices are based on are clearly shown. Examples are shown in the 1st note under Materials**
 - **Ensure that both the buying office and DCAA/DCMA are provided with the CBOM and any updates**



Proposal Adequacy Checklist Highlights

Subcontracts (Purchased Material or Services), Items 12.1 - 12.4

- **Prime contractor PCAs are a MUST for all vendors over the TINA threshold. If they are not available at time of proposal, they must be delivered to the Air Force as soon as possible to prevent severe delays in proposal evaluation**
- **Where subcontract vendors are subject to assist audit, let the Air Force team know that they are as well as the status at time of proposal**
- **When required as part of the proposal, copies of subcontractor's proposals must also be provided to the Air Force evaluation team**



Proposal Adequacy Checklist Highlights

Subcontracts (Purchased Material or Services), Items 12.1 - 12.4

- When a prime contractor says, “This subcontractor is covered by a Long-Term Agreement (LTA)”, be aware that DCAA will handle them in accordance with **DCAA LTA Memo 0-PSP-033(R)** dated 15 Nov 10.



Proposal Adequacy Checklist Highlights

Inter-organizational Transfers, (IWAs, IOTs) Items 13, 14

- **Inter-organizational transfers require a complete cost proposal within the prime contractor's proposal that is in compliance with Table 15-2 and this checklist**
- **IWAs/IOTs work is considered part of the certified cost or pricing data submission of the prime**
- **For more information, see [DCAA IOT Memo - 10-PSP-00r\(R\)](#) dated 2 Mar 10**



Proposal Adequacy Checklist Highlights

Commercial Item Determinations, Items 16, 17

**commerciality and price reasonableness
for commercial items**

- The first item is answering the question whether the contractor is proposing commercial items either at the prime or subcontractor level that would be exempt from certified cost or pricing data requirements**
- IMPORTANT - Both commerciality and fair and reasonableness determinations must be provided**



Proposal Adequacy Checklist Highlights

Commercial Item Determinations, Items 16, 17

- **If a commercial item requires modification, there may be circumstances that require the submission of cost or pricing data**
 - **See note under checklist items 16 and 17.3**
- **A CID on a subcontractor MUST be accompanied by the prime contractor's independent price analysis and conclusion of the subcontractor's commerciality assertion**
 - **See checklist item 17.5D**



Proposal Adequacy Checklist Highlights

Labor, Item 18

- **All Basis Of Estimates (BOEs) must show specific rationale and basis for all labor hours**
 - **If not, be prepared to hear this same question: “What’s that based on?” for months on end from your Air Force negotiation team**
 - **The same goes for BOEs that show materials and travel. EVERYTHING must have a basis**



Proposal Adequacy Checklist Highlights

TASK: AAC

PAGE: 26

TASK DESCRIPTION: COMM LINK SOFTWARE GROUP: SOFTWARE

WBS: 4210.1

PERIOD OF PERFORMANCE: 1/11 - 6/11

**SOW REF: 12.2.1
DEVELOPER)**

LABOR CATEGORY: SE1 (SR S/W

BASIS OF ESTIMATE:

Current Comm Link software modules contain 320 lines of code (LOC). 100 LOC will be useable, as is. Adding new functionality will require modification of 100 LOC and an additional 220 LOC. Based on CERs derived from FSD experience (Contract F19628-x-xxxx) the estimate for design, integration and test is:

MODIFIED CODE: 100 LOC x 1.8 HRS PER LOC = 180 HOURS

NEW CODE: 220 LOC X 4.0 HRS PER LOC = 880

TOTAL ESTIMATE = 1060 HOURS SE1



Proposal Adequacy Checklist Highlights

Rates and Factors, Item 25

- The Contractor's latest rates should be used in a proposal. If a new FPRA, FPRP or FPRR is forthcoming, the negotiation team must be alerted as soon as possible
- Dr. Carter memo dated 14 Sep 10, *"Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs."* (page 16)
 - *"In those cases where DCAA has completed an audit of a particular contractor's rates, DCMA shall adopt the DCAA recommended rates as the Department's position with regard to those rates."*



Proposal Adequacy Checklist Highlights

Economic Price Adjustments (EPA), Item 30

- **If a contract based on EPA is envisioned, please ensure that the formulas are trackable, and that the proper and latest indices are being used**



Proposal Adequacy Checklist Highlights

Performance-Based Payments (PBPs), Item 31

For Item 31, if using PBPs, the contractor's expenditure profile is most important. For the Government, the events are most critical

Cost Estimating Relationships (CERs), Item 33

- CERs are often not covered by an FPRA. Please ensure that the basis of any CERs are explained in detail**



Summary

- **This forum exchange sets the stage for achieving overall proposal quality and adequacy**
- **Repeatable processes and communication makes it work**
- **Evaluating quality and adequate proposals is a win-win for all parties**
 - **Facilitates on-time, on-cost, on-schedule contract awards**



Contact Information

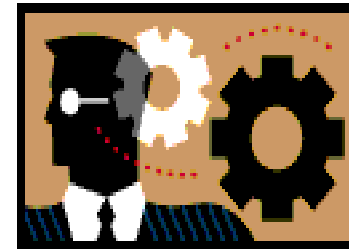
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Any Questions?

